

**Internal Revenue Service**  
P.O. Box 2508  
Cincinnati, OH 45201

**Department of the Treasury**

Release Number: **201525016**  
Release Date: 6/19/2015  
Date: **March 26, 2015**

**Employer Identification Number:**

**Contact person - ID number:**

**Contact telephone number:**

**LEGEND**

UIL: 4945.04-04

M= City, State  
X= Name of Summer Camp  
Y= Name of Entity  
Z= Name of University Department  
x dollars= Amount

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

**Our determination**

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provided in Code section 117(c)).

**Description of your request**

Your letter indicates you will annually conduct a three to five day summer camp learning experience called X. You will conduct the camp in partnership with Y and Z.

Participation in X will offer high school juniors and seniors an opportunity to expand their knowledge of issues in aging as well as learn about the rewarding career field of aging. Students who complete the three to five day summer camp learning experience will have the option to apply for a one-time scholarship award of x dollars to attend the college or university of their choice.

The purpose of the scholarships will be to assist students with educational costs of tuition and fees.

The X program will be publicized through high school announcements, high school counselors, teachers, and school administrators, printed brochures, community groups, websites and social media.

For the inaugural program, the geographical area in which the program will be publicized is M. The program is intended to then expand to the surrounding areas. Finally, in future years the program may be expanded nationwide.

The selection criteria for the scholarship award are:

1. Must be a high school junior or senior
2. Must be a citizen or permanent resident of the United States
3. Successful completion of the summer camp
4. Completion of the application for the scholarship
5. Completion of an essay on what the applicant learned from participating in the summer camp
6. Submit proof of enrollment in a college or university

Scholarship recipients will be awarded a one-time scholarship that will be made payable to the college or university in which the recipient is enrolled. You will not pay the scholarship to a college or university unless the recipient is enrolled.

The selection committee will consist of individuals representing the partnering organizations, including you, Y, Z, and select sponsors (upon your invitation).

You represented that you will investigate diversions of funds from their intended purposes, take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a recipient are used for their intended purposes, and withhold further payments to recipients until you obtain recipients' assurances that future diversions will not occur and that recipients will take extraordinary precautions to prevent future diversions from occurring.

You represented that you will maintain all records relating to individual grants, including information obtained to evaluate recipients, identify whether a recipient is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants.

### **Basis for our determination**

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.

- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b)(1)(A)(ii).

**Other conditions that apply to this determination**

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service  
Exempt Organizations Determinations  
P.O. Box 2508  
Cincinnati, OH 45201

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations